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C O N F I D E N T I A L SECTION 01 OF 02 KUALA LUMPUR 000261

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FOR EAP/MTS AND INR

E.O. 12958: DECL: 04/14/2018

TAGS: PGOV PINR KDEM MY

SUBJECT: MORE UMNO PRESSURE FOR IMMEDIATE LEADERSHIP CHANGE

REF: A. KUALA LUMPUR 256 - UMNO VOICES NAJIB TAKE-OVER

- 1B. KUALA LUMPUR 223 - UMNO ELECTIONS IN DECEMBER
- 1C. KUALA LUMPUR 202 - KING VERSUS PRIME MINISTER
- 1D. KUALA LUMPUR 178 - UMNO STOKES MALAY FEARS
- 1E. KUALA LUMPUR 160 - MALAYSIA'S ELECTION SHOCK

Classified By: POLITICAL SECTION CHIEF MARK D. CLARK, REASON 1.4 (B AND D).

Summary

11. (C) Prime Minister Abdullah Badawi's April 11 meeting with officials from his UMNO party in the key party stronghold of Johor has focused more pressure on Abdullah to step down quickly. Abdullah reaffirmed his intention to transfer power to Deputy Prime Minister Najib, but only sometime -- possibly two years, according to our source -- after the UMNO election in December. Johor UMNO officials reportedly rejected Abdullah's approach, asked for the PM to step down as soon as possible, and stated publicly that their support for Abdullah was contingent on the PM's acceptance of Johor's own plan for the leadership transition. Subsequently, UMNO Vice President and cabinet minister Muhyiddin said UMNO must undertake "immediate" leadership change or face disaster. Abdullah's graceful exit strategy may prove impossible, as UMNO anxiety mounts over the leadership question. Both Najib and Muhyiddin stand to gain from Abdullah ceding power prior to the December UMNO elections. The next UMNO Supreme Council meeting could prove significant to determining Abdullah's exit. End Summary.

Abdullah Meets Party Leaders in UMNO Bastion

12. (SBU) Prime Minister Abdullah Badawi's April 11 closed door meeting with United Malays National Organization (UMNO) officials in the important UMNO bastion of Johor has focused more pressure on Abdullah to step aside quickly. Abdullah's Johor stop followed an earlier consultation among Johor UMNO division chiefs that reportedly endorsed the Prime Minister's speedy hand-over to this deputy, Najib Tun Razak (ref A). After the April 11 meeting, Abdullah acknowledged to reporters that "there have been demands" for him to resign as UMNO party president (and as Prime Minister by derivative), but he wanted to resolve UMNO's internal problems before he handed over the party's helm to another. In the meantime, "I have the mandate from the people and I am still the (UMNO) president," Abdullah defensively told the Bernama state news agency.

Transition to Najib after UMNO Election, Per Abdullah's Plan

¶3. (SBU) UMNO Vice President Muhyiddin Yassin told reporters that in the Johor meeting Abdullah had affirmed that he would discuss the transition of power to DPM Najib, but that details and timing of the hand over were not addressed. UMNO Johor Chief and cabinet minister Shahrir Samad added that, "Abdullah will sort the matter out with Najib after the UMNO General Assembly (December 2008)." Shahrir's statement indicates that Abdullah would stand for re-election in the party polls, which occur during the General Assembly, and hand-over to Najib at some point thereafter. In this scenario, Najib eventually would become Prime Minister as acting UMNO president, like Abdullah in the hand-over from Mahathir in 2003.

PM Fails to Assuage Concerns

¶4. (SBU) Press accounts and Embassy sources indicate that Abdullah failed to assuage concerns voiced by Johor UMNO leaders. One UMNO participant told reporters, "we did not ask (Abdullah) to step down, but there were insinuations...."

In surprisingly blunt comments to the press, Johor UMNO information chief Mohd Puad Zarkashi said the transition from Abdullah to Najib should be expedited in an orderly manner, and that, "(Johor's) support for the Prime Minister was closely linked to the prime minister's acceptance of the proposal by the Johor UMNO liaison committee for a transition plan." Zarkashi added that he was making this clarification in case UMNO members were confused by the statement of support for Abdullah that came out of the Johor meeting.

Two Years Too Long; Muhyiddin for Immediate Change

¶5. (C) A close Embassy contact with second-hand access to

KUALA LUMP 00000261 002 OF 002

the information told us that Abdullah had presented the Johor leaders with a two-year timetable for handing over power to Najib. The UMNO committee "rejected" this proposal and asked Abdullah to step aside "as soon as possible." A second source told us that Johor representatives insisted Abdullah adopt a "3-S" approach to stepping down, namely "smooth, structured, speedy." Concern over this situation reportedly prompted UMNO Vice President Muhyiddin to side with the Johor officials and utter a strongly worded public warning on April 13: "If (leadership) changes are not made immediately, UMNO will lose power and can never make a comeback." He added that grassroots sentiments "are boiling" with "utter dissatisfaction" and that not speaking the truth of such matters "can eventually lead to disaster for the Malays and UMNO."

Comment

¶6. (C) UMNO discussions now proceed from the question of "when" and not "if" Abdullah will step down as party president and Prime Minister. Public comments from UMNO state leaders and from UMNO VP Muhyiddin are startling in their frank message that leadership change must come soon. Abdullah seemingly intends to stage a graceful exit via his re-election as party president during the December UMNO General Assembly followed by a respectable interlude before handing over to Najib, but this may prove impossible. Given the present turmoil and unease within UMNO, we sense very little support for electing Abdullah again as party president, even with a firm promise of transition to Najib. By and large, we believe UMNO leaders do not buy Abdullah's approach as a way to strengthen the party, and in fact Abdullah's "stubbornness" (the term used by one UMNO detractor) in remaining in place seems to be feeding political anxiety rather than calming UMNO.

¶7. (C) The pressures building against Abdullah work to Najib's advantage, as it could propel him to the position of

acting UMNO president and Prime Minister going into the UMNO elections. Muhyiddin, a potential rival to Najib for the top slot, also would benefit from an UMNO election that is not intended to formulaically reaffirm Abdullah. UMNO's next Supreme Council meeting (date yet to be determined) could turn out to have important bearing on Abdullah's exit plan. The formal meeting of UMNO's ruling body intends to discuss the views of UMNO state officials on the party's current crisis, including a report from the management committee, headed by Najib and including Muhyiddin, on findings from the five states lost to the opposition.

KEITH